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DECEMBER 1972

WORLD AGRICULTURAL Situation

ECONOMIC RESEARCH SERVICE U.S.DEPARTMENT OF AGRICULTURE

OUTLOOK CONFERENCE SCHEDULED FOR FEB. 20-22, 1973

The 1973 National Agricultural Outlook Conference has been set for Feb. 20 through 22, at the U.S. Department of Agriculture in Washington, D.C.

Central theme of the Conference will be "The Future Structure of Agricultural Production and Marketing." Such topics as the long-range expansion of demand for agricultural products, input requirements of the food industry, significant trends in organization and control of the food and fiber sector of the economy, impact of environmental developments on agricultural production and marketing, and future developments in the export market will be explored in depth.

The 1973 outlook for U.S. agriculture and the general economy will receive particular attention at the Conference. Sessions on the 1973 outlook for major commodities and rural family living will make up an important part of the Conference as usual. The Conference, sponsored by USDA's Economic Research Service and Extension Service, will feature presentations and panel discussions by leading authorities in agriculture and business.

OUTLOOK 73

THE WORLD AGRICULTURAL SITUATION

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Approved by
The Outlook and Situation Board
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Detailed statements of the situation in Africa and West Asia, Communist Areas, Far East and Oceania, Western Hemisphere, and Western Europe will be published in April 1973.

SUMMARY

World argricultural production declined slightly in 1972.[1] Comparison of preliminary indices for 18 major producing countries for 1972 indicates a general downturn. Adverse weather—particularly drought—has been the principal factor in the decline.

Output has fallen sharply in the USSR, India, and Australia with grain crops below the high levels of 1970 and 1971. Increases in total production—mostly slight—occurred in the United States, the European Community (EC), Poland, Japan, and Turkey.

The grain picture is mixed. World output is down from 1971, when most regions benefited from generally favorable weather, but is still the second largest on record. Wheat, rice, and feed grains all show declines. Trade in grains has accelerated and may show further increases as countries with reduced supplies import to meet requirements. The largest available stocks are in the United States. World prices of grains have risen sharply since midyear.

A major development in 1972 has been the large grain purchases by the USSR which had a poor wheat crop following 2 successive good years. Extensive winter kill followed by hot, dry conditions in the growing season in European USSR and delayed harvesting more than offset attempts to expand acreage. In India the monsoon rains were late and insufficient, grain output has declined sharply, and India plans to make sizable imports of grains in early 1973. Drought in Australia has cut grain production. Although grain production in the EC reached record levels, output declined in other parts of Western Europe. Increases are reported for Argentina. Output decreased in the United States due to reduced acreage and in Canada due to reduced yields.

Rice availabilities in early 1973 will be very tight. Adverse weather has reduced harvest prospects in Asia, with production in India and Thailand down at least 10 percent in 1972/73 (July-June), and decreases expected also in Indonesia, Burma, South Korea, the Philippines, and South Vietnam. Asian rice imports are now priced more than 40 percent above a year ago. New rice supplies are not expected until the second half of 1973.

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[1] Calendar year. Unless stated otherwise, split years mean July-June, tons are metric, dollars are U.S., and exports are in terms of volume, not value.

U.S. agricultural exports (including shipments under government programs) in 1971/72 (July-June) surpassed the previous year's record to reach a new high of $8.1 billion. A further sharp rise to $10 billion or more is forecast for the current season. Substantial export gains in 1972/73 are forecast for most major commodity categories. Major factors are a tight world grain supply situation, coinciding with ample grain stocks in the United States, improved world economic conditions, and monetary readjustments. The value of all U.S. imports of agricultural products in 1971/72 totaled slightly over $6 billion, leaving an agricultural trade surplus of $2 billion, about the same as 1970/71.

World demand for oilseeds continues to grow and a continued tight oilseed and meal market is anticipated. Prices have risen, reflecting reduced supplies and increased protein needs. U.S. soybean exports are likely to rise in the current marketing year, after declining last season, because of decreased stocks for export, dock strikes, and uncertain exchange rates. As stocks have been depleted, Peruvian exports of fish oil and meal have dwindled.

World cotton production increased in 1971/72 and 1972/73, reversing the situation in 1970/71 which saw short supplies and high prices on the world market. Increased acreage is largely responsible for the rise in production, but higher yields in some countries also helped. While world supplies have increased over last year's low levels, qualities are lower bacause of rains during harvest in many countries.

World tobacco output in 1972 is slightly above the level of the previous year. Possible shifts in world tobacco trade are presaged by EC policy decisions which set support prices for EC tobacco growers and give subsidy payments to buyers of EC-grown tobacco. Continuing U.N. sanctions on Rhodesian trade are helping U.S. tobacco exports, but the U.S. export payment program for tobacco will be terminated effective with the 1973 crop.

World cattle and hog numbers continued to increase in 1972; sheep numbers continued to decline. World production of red meat continued on an upward trend in 1971 and into 1972. Demand for beef continues strong and production continues to expand in response to high prices. Meat import restrictions were relaxed in 1972 by the United States and the European Community to satisfy increasing consumer demand.

Poultry production in most countries continued to increase in 1972.

Milk output increased in 1972 in most of the major dairy countries, reflecting better weather conditions for pastures and forage and increased support prices for milk in some foreign countries. Greater milk production boosted butter output, and increased stocks of butter are on hand overseas where production exceeds market requirements.

WORLD PRODUCTION

World agricultural production declined slightly in 1972 (table 1). Preliminary indices for several major producing countries show increases—most are slight—over 1971 in the United States, the European Community (EC), Poland, Japan, and Turkey. Sizable decreases occurred in the USSR, India, and Australia, Adverse weather was the principal factor, with drought affecting many countries.

In North America, Canada registered declines in some crops as producers cut acreage in response to large domestic stocks and the policy to bring production in line with demand. Notable decreases in output occurred in barley and rapeseed. Output in the United States increased slightly. The grain crop was down from 1971's record production as farmers reduced acreage under wheat and feed grain programs. The index for Mexico dropped in 1972, reflecting in large measure, a decrease in corn production. Heavy rains reduced sorghum output. In Central America, output fell an estimated 3 percent, due mainly to the drought conditions of the past 6 months.

The wheat crop now being harvested in Argentina is up over last year's crop due to expanded acreage and normal weather conditions. Other grain production in Argentina was down for the season ending in June 1972 but is expected to recover during the present season, declines were registered in potato, oilseed and fruit production. The country's beef and veal output is up, more than offsetting declines in mutton, lamb, and pork. Elsewhere in South America, Brazilian output registered gains, with 1972 production above long-term trends. Increases in meat, soybeans, and cotton more than offset cuts in the wheat crop due to heavy rains, diseases, and frost.

Total agricultural output in the EC increased slightly over 1971 and is now back on trend. Bad weather in April and May reduced acreage of some grains, potatoes, sugar beets and oilseeds, but generally good growing conditions prevailed later. A high level of grain production resulted mostly from higher yields; corn acreage expanded. For the U.K. increases in barley and poultry meat offset decreases in other commodities, resulting in no change in total production over 1971, but the index remains on trend. Production in Poland increased substantially, and is now above the long-term trend. Potatoes, sugar beets, and vegetables were responsible for much of the rise in the index.

After two successive good years the USSR had a serious drop in grain production. Inadequate snow cover and severe cold in January 1972 killed almost a third of the winter grains. Acreage of spring grains was increased, but hot and dry weather in European USSR reduced both spring and winter grain crops. Late ripening delayed harvesting. Output of potatoes also dropped.

Table 1.--Indices of agricultural production in the world and major countries, 1963-72

(1961-65 = 100)

	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972 1/
World (excluding Communist Asia)	100	103	104	108	112	116	117	120	124	123
United States	101	101	104	102	107	109	110	109	119	120
USSR	91	109	103	122	120	129	123	136	134	125
European Community	102	101	103	103	113	115	115	115	122	123
India	101	103	97	95	104	110	116	124	127	115
Brazil	99	92	117	106	113	115	119	121	112	134
Poland	100	103	104	109	112	117	112	115	112	122
Australia	103	108	99	115	105	126	122	121	126	115
Argentina	107	105	97	105	113	105	114	113	109	104
Canada	110	102	112	126	108	117	123	112	129	120
Japan	100	102	103	106	115	119	115	110	105	111
United Kingdom	99	103	107	105	110	108	108	110	115	115
Mexico	98	107	114	116	118	123	117	129	134	130
Turkey	103	105	104	115	121	124	120	124	137	139
Indonesia	95	102	103	110	104	114	117	124	131	126

1/ Preliminary

The present level of production is far below the long-term trend.

Production in North Africa was good; the Republic of South Africa benefited from favorable weather and produced a record corn crop and the fifth straight record wheat crop. Dry conditions continued to affect a broad area south of the Sahara, from Senegal and Mauritania on the west to Chad on the east.

Drought also reduced output in widespread areas of Asia and Australia. Prolonged drought at seeding time has cut Australian wheat production; production of feed grains is also down, and total output is far below trend. Indonesia's production declined with decreases in most commodities—rice, corn, and copra are notable examples. Drought in July and August and floods in September reduced Thialand's rice and corn crops. The monsoon rains arrived late in India, and precipitation from June through September in the major farming areas was about 20 percent below normal. Unusually hot weather in early August further damaged crops. A significant drop in grain production has occurred in 1972 and farm output is considerably below the long-term trend. India now plans to make sizable imports of wheat and coarse grains in early 1973. Neighboring states of Nepal and Bangladesh also suffered from drought.

Severe floods on the northern island of Luzon and drought in the southern islands reduced Philippine output. Rice production is down for the second consecutive year. Production in Japan increased over 1971; production advanced for most crops—including rice. The weather picture for the People's Republic of China is mixed, with dry conditions in the inland provinces and above-normal precipitation on the coast. Chinese officials acknowledge a fall in grain output.

Although the current situation has created problems for many countries, the declines in food production largely reflect unfavorable weather and do not necessarily portend changes in upwards trends. Many countries—the developing nations included—have expanded their agricultural technology base with greater inputs of improved seeds, fertilizer, pesticides, and irrigation facilities. Assuming that the unusual weather patterns of 1972 are not repeated, producers in these countries should be able to take advantage of such inputs which could boost production sufficiently to offset the shortfalls this year.

U.S. AGRICULTURAL TRADE AT RECORD LEVELS

After rising sharply in value in the first half of 1972 to set a new record high for the 1971/72 fiscal year, U.S. agricultural exports have continued to increase, and total value for 1972/73 is forecast at $10 billion or more, a gain of one-fourth over last year. Exports in 1971/72 rose to $8.1 billion, up 4 percent from 1970/71. Export value gains for feed grains, beef, pork, hides, butter, cotton and cottonseed oil, and soybeans more than offset reduced values for wheat, soybean oil, lard and alfalfa meal.

In the major export categories, export values of soybeans and soybean products increased 5 percent to a record $2 billion level, as rising livestock production in foreign countries boosted demand for meal. Vegetable oil exports gained, but at a slower rate as foreign output advanced. Exports of feed grains increased 2 percent in value; wheat and flour dropped 14 percent. Exports of all grains and products (feed grains, rice, wheat and flour, other products) dropped 4 percent in value as increased shipments in January-June 1972 were not enough to overcome the lag caused by dock strikes and lowered foreign demand in July-December 1971. The animal and animal products category moved past the billion-dollar mark with increases in exports of butter, hides and skins, and somewhat larger exports of meat. Butter exports gained (including quantities from government stocks at special prices) particularly to the U.K., as drought in New Zealand and the disappearance of the EC butter surplus created a tight world butter situation.

Nearly all the value increase in exports in 1971/72 was due to higher prices. Volume was about equal to the record level of 1970/71; the aggregate price index was almost 3 percent higher than the previous year.

The record export level was attained in spite of the adverse factors for U.S. agricultural trade in the first half of 1971/72. Dock strikes on the West, Gulf, and East coasts restricted exports, forcing foreign countries to purchase from competitors or to use substitute products for U.S. products. Demand for U.S. grain was down because of substantial increases in grain production in other countries. The effect of the dock strike was lessened somewhat as shippers stepped up exports through East Coast and Gulf ports before and after the strike and via the St. Lawrence Seaway which was open while most salt water ports were closed.

Export volume regained much lost ground during the second half of 1971/72 and the value of shipments increased substantially. Grain sold to the USSR in November 1971 moved out in the second half of 1971/72. Economic conditions improved in many foreign countries and purchases of U.S. products increased. Purchases of U.S. grain were stimulated by prospects for lower foreign production in 1972. In addition, the competitive position of some U.S. farm products was increased by devaluation of the dollar.

Principal customers for U.S. agricultural products in 1971/72 were Japan ($1.18 billion), West Germany ($678 million), Canada ($660 million), United Kingdom ($516 million), Netherlands ($467 million), Italy ($308

million), France ($256 million), and Spain ($225) million.[1]

The value of all U.S. imports of agricultural products in 1971/72 totaled slightly over $6 billion, 4 percent over 1970/71. Supplementary or partially competitive farm commodities such as cattle, meat, sugar, some fruits and vegetables, tobacco and wine accounted for most of the advance. Noncompetitive agricultural imports—mostly tropical products, such as coffee, cocoa, natural rubber—showed a slight decline in total value.

Supplementary imports increased 7 percent in value and now make up about two-thirds of all imports. About half the value gain came from price increases. Meat imports were boosted by strong U.S. demand, resulting in a rise of 8 percent to nearly $1.1 billion. Restraints on meat imports during 1972 were lifted in June 1972 to attract more meat imports. Quotas for 1972 had earlier been suspended and a higher voluntary restraint program for major supplying countries had been introduced in March 1972 to meet increased demand.

The outlook for exports of U.S. agricultural products in 1972/73 is bright, with total exports forecast at about $10 billion or more, $2 billion over the last fiscal year. An estimated two-thirds of the increase will come from increased volume (primarily of grains, soybeans) and one-third from higher prices. There are prospects for record shipments of grain and soybeans, with large purchases by the USSR a major factor. The attainment of this record volume of exports will require coordinated movement and avoidance of bottlenecks.

Sales to the USSR will increase from about $150 million in 1971/72 to over $1 billion in the current year. Some of the USSR purchases of U.S. grain will be shipped to Eastern Europe and Cuba. U.S. exports to Eastern Europe (including purchases on Soviet account and transshipments through Hamburg) are forecast to reach $600 million in 1972/73, double the level of the previous year.

Exports to Japan—top single-country market for U.S. agricultural products—are expected to reach $1.5 billion in 1972/73; gains are forecast in most major commodities. Exports to other Asian nations, including the Near East, should gain substantially, reaching $2.0 billion. Most of this increase will be in feed grains and wheat. Increases are also forecast for Western Europe (to $3.2 billion, a slight increase over last year), Canada, Africa, and Latin America.

Gains are forecast for most major commodity categories. Continued expansion in U.S. agricultural exports has been aided by a tight world grain supply situation, failure of the USSR wheat crop, and ample grain stocks in the United States (plus the ability to transport large quantities). U.S. trade has also been stimulated by international monetary readjustments, improved world economic conditions, and resumption of trade with the USSR and the People's Republic of China.

For the first four months of the current fiscal year, the value of U.S. agricultural exports rose a fourth above the year-earlier level which had been a record high for that period.

GRAIN PRODUCTION DOWN; TRADE AND PRICES UP[2]

World grain production declined in 1972 in both importing and exporting countries from 1971's record output (tables 2-4). However, the estimated total of 1.07 billion tons was the second largest ever recorded. World wheat production for 1972 is estimated to be about 300 million tons, down from about 323 million tons in 1971. Output of feed grains is estimated to be about 573 million tons, down about 3 percent. Rice production also dropped, from 195 million tons (milled) in 1971 to 187 million in 1972.

The drop in world grain production conincided with relatively large wheat and feed grain stocks on hand in the four major exporting countries: United States, Canada, Argentina, and Australia (table 5).

World trade for wheat and feed grains amounted to 100 million tons in 1971/72 and is expected to total 121 million tons in 1972/73, with world wheat exports increasing from 52 to 67 million tons, and feed grains from 48 to 54 million tons (table 6-7). Rice exports in 1973 will probably be about the same as in 1972.

Principal elements in the world grain situation in 1972 and 1973 are adverse weather (which reduced grain crops in several major producing countries in 1972), massive grain purchases by the USSR in response to a short wheat crop, a decline in world wheat stocks, low rice supplies in Asia, uncertainty about grain supplies in India and the People's Republic of China, and the heavy concentration of wheat stocks in North America. Grain prices—especially wheat—have increased significantly in response to these developments.

North America

Canadian wheat acreage increased 10 percent in 1972, but yields were down and production totaled 14.5 million tons, only slightly more than the 14.4 million tons harvested in 1971. Reduced acreage and lower yields combined to reduce barley output from 13.1 to 11.3 million tons. Production of all feed grains dropped from 24.7 million tons in 1971 to 20.8 million tons in 1972. Canadian exports of wheat and feed grains in 1972/73 are forecast at 19.8 million tons, up 2 million tons from 1971/72. Under existing agreements, Canada

[1] Adjusted for transshipments.

[2] Based largely on *World Agricultural Situation, Special Supplement on the World Grain Situation,* U.S. Dept. Agr., October 1972.

Table 2.--Wheat production in major exporting countries, 1963-71

Country	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972 1/
	- - Million metric tons - -									
Canada	19.7	16.3	17.7	22.5	16.1	17.7	18.6	9.0	14.4	14.5
Australia	8.9	10.0	7.1	12.7	7.5	14.8	10.5	7.9	8.6	5.9
Argentina	8.9	11.3	6.1	6.2	7.3	5.7	7.0	4.9	5.4	8.0
France	10.2	13.8	14.8	11.3	14.3	15.0	14.5	12.9	15.4	16.0
USSR 2/	49.7	74.4	59.7	100.5	77.4	93.4	79.9	99.5	98.7	75.0
Total	97.4	125.8	105.4	153.2	122.6	146.6	130.5	134.2	142.5	119.4
United States	31.2	34.9	35.8	35.5	41.0	42.4	39.3	36.8	44.0	42.0

1/ Preliminary working estimate.
2/ Official figures, bunker-weight, not adjusted for excess moisture and dockage.

Source: Grain and Feed Division, FAS.

Table 3.--Feed grain production in major exporting countries, 1964-72 1/

Country	1964	1965	1966	1967	1968	1969	1970	1971	1972 1/
	- - Million metric tons - -								
Argentina	8.3	10.3	10.7	10.1	10.8	14.6	15.4	9.4	13.5
France	12.1	14.2	15.3	17.9	18.2	18.8	18.4	21.8	21.5
South Africa	4.7	5.1	5.5	10.7	5.7	5.6	6.7	9.3	10.7
Canada	12.0	14.4	15.9	13.7	16.6	17.8	19.6	24.7	20.8
Thailand	1.0	1.1	1.3	1.2	1.5	1.7	2.0	2.1	1.3
Australia	2.7	2.4	3.8	2.0	3.8	3.7	5.5	5.9	4.5
Mexico	8.3	8.9	9.8	9.9	10.2	9.1	10.8	11.2	9.9
Brazil	9.5	12.1	11.4	12.9	12.9	12.7	14.2	13.8	13.6
Total	58.6	68.5	73.7	78.4	79.7	84.0	92.6	98.2	95.8
United States	122.5	143.7	143.6	160.3	153.8	159.2	144.9	187.5	180.0

1/ Feed grains include barley, corn, oats, sorghum, rye, and mixed grains.
2/ Preliminary.

Source: Grain and Feed Division, FAS.

Table 4.--Milled rice production by selected world producers, 1966-72

Country	1966	1967	1968	1969	1970	1971 1/	1972 2/
			- - Million metric tons - -				
India	30.5	37.6	39.8	40.4	42.2	42.7	37.0
Japan	11.7	13.3	13.3	12.9	11.7	9.9	10.7
Indonesia	8.8	10.3	10.2	11.0	11.6	12.7	12.2
Bangladesh	9.5	11.2	11.4	12.0	11.1	10.1	9.9
Thailand	8.8	7.3	8.1	8.7	8.6	8.7	7.8
Burma	4.5	5.3	5.4	5.4	5.5	5.7	5.4
Philippines	2.7	2.9	2.8	3.3	3.4	3.3	3.2
United States	2.8	3.0	3.4	3.0	2.7	2.8	2.8
South Vietnam	2.9	3.2	2.9	3.4	3.8	4.0	3.9
South Korea	3.9	3.6	3.2	4.1	3.9	4.0	3.7
Pakistan	1.4	1.5	2.0	2.4	2.2	2.3	2.3
Total	87.5	99.2	102.5	106.6	106.7	106.2	98.9

1/ Preliminary.
2/ Preliminary working estimate.

Source: Grain and Feed Division, FAS.

Table 5.--Stocks of wheat and feed grains in selected countries, July 1, 1963-1973

Country	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972 1/	1973 2/
	- - Million metric tons - -										
United States											
Wheat	32.5	24.5	22.2	14.6	11.6	14.7	22.3	24.1	19.9	23.5	13.1
Feedgrains	61.4	68.2	54.6	52.6	51.3	62.7	62.7	61.6	51.1	68.2	66.6
Total	93.9	92.7	76.8	67.2	62.9	77.4	85.0	85.7	71.0	91.7	79.7
Canada											
Wheat	14.1	14.6	14.9	13.6	17.0	19.3	24.2	29.1	22.2	18.1	11.8
Feedgrains	5.2	6.3	4.8	5.0	5.3	4.4	6.8	7.5	5.6	7.5	6.9
Total	19.3	20.9	19.7	18.6	22.3	23.7	31.0	36.6	27.8	25.6	18.7
Argentina											
Wheat	2.6	4.8	7.2	2.9	1.6	4.0	2.6	3.3	2.9	2.9	3.6
Feedgrains	4.0	5.2	4.1	5.7	5.0	5.0	4.6	5.7	7.2	4.8	5.0
Total	6.6	10.0	11.3	8.6	6.6	9.0	7.2	9.0	10.1	7.7	8.6
Australia											
Wheat	4.2	3.2	4.4	3.3	6.6	4.3	11.2	12.3	8.4	5.1	2.8
Feedgrains	1.0	1.1	.7	.8	1.4	.7	1.6	1.9	2.1	1.8	1.1
Total	5.2	4.3	5.1	4.1	8.0	5.0	12.8	14.2	10.5	6.9	3.9
EC 3/											
Wheat	8.2	6.2	5.6	6.8	5.5	5.4	7.5	4.1	4.9	6.2	5.9
Feedgrains	5.5	6.0	4.9	5.2	5.4	4.9	5.3	4.7	4.7	4.3	3.9
Total	13.7	12.2	10.5	12.0	10.9	10.3	12.8	8.8	9.6	10.5	9.8
Total Wheat	61.6	53.3	54.3	41.2	42.3	47.7	67.8	72.9	58.3	55.8	37.2
Total Feedgrains	77.1	86.8	69.1	69.3	68.4	77.7	81.0	81.4	70.7	86.8	83.5
Total	138.7	140.1	123.4	110.5	110.7	125.4	148.8	154.3	129.0	142.4	120.7

1/ Preliminary.
2/ Preliminary working estimates.
3/ 1968-1973 - August 1 basis.

Source: Grain and Feed Division, FAS.

Table 6.--Exports of wheat and flour by major exporting countries, 1968-72 1/

Country	Year beginning July 1									
	1963	1964	1965	1966	1967	1968	1969	1970	1971 2/	1972 3/
	- - Million metric tons - -									
United States	23.3	19.7	23.6	20.3	20.7	14.5	16.5	20.1	17.2	31.3
Canada	15.0	11.9	14.9	14.8	8.9	8.7	8.9	11.5	13.7	16.3
Australia	7.8	6.4	5.7	6.9	7.0	5.3	7.4	9.3	8.5	5.6
France	2.7	4.6	4.8	3.0	4.3	6.0	6.1	3.3	5.9	6.1
Argentina	2.8	4.3	7.8	3.1	1.4	2.7	2.1	1.7	1.2	2.8
Total	51.6	46.9	56.8	48.1	42.3	37.2	41.0	45.9	46.5	62.1
USSR	2.7	2.2	2.6	4.4	5.3	5.8	6.4	7.1	5.5	1.7

1/ Wheat and wheat equivalent of flour.
2/ Preliminary.
3/ Preliminary working estimate.

Source: Grain and Feed Division, FAS

Table 7.--Exports of feed grains by major exporting countries, 1963-72 1/

Country	1963	1964	1965	1966	1967	1968	1969	1970	1971 1/	1972 2/
	Year beginning July 1									
	-- Million metric tons --									
United States	16.3	18.0	25.8	21.5	20.3	16.5	19.7	19.8	21.0	30.0
Argentina	3.8	5.0	3.7	6.6	4.2	5.7	5.9	7.6	6.3	4.4
France	3.3	3.0	2.9	4.0	4.1	6.3	6.0	5.6	8.2	7.8
South Africa	2.6	.8	.7	.6	3.1	2.3	.8	.8	2.7	3.7
Canada	1.2	.9	1.0	1.1	1.1	.4	1.3	4.0	4.4	3.5
Thailand	.9	.9	1.2	1.3	1.3	1.3	1.6	1.8	1.7	1.0
Australia	.7	.8	.5	.9	.3	.9	.9	2.2	3.3	3.3
Mexico	--	.9	1.3	1.0	.8	1.0	.2	.3	.4	--
Brazil	.7	--	.6	.6	.7	1.2	.6	2.0	.6	.3
Total	29.5	30.3	37.7	37.6	35.9	35.6	37.0	44.1	48.6	54.0

1/ Barley, oats, corn, and sorghum.
2/ Preliminary.
3/ Preliminary working estimate.

Source: Grain and Feed Division, FAS.

will export 5 million tons of wheat to the USSR and about 4 million tons to the People's Republic of China in 1972/73, considerably more than the 2 million of last year.

Total grain output in the *United States* dropped by 9.6 million tons to 225 million tons in 1972 as growers planted smaller acreages under the wheat and feed grain programs. The 1972 U.S. wheat harvest is estimated at 42.0 million tons, a 5 percent decline from 1971. Feed grain production is estimated at 180 million tons, down 4 percent from 1971. Most feed grains show lower output in 1972. The 1972 corn crop, though less than last year, was still the second largest of record. The rice crop increased slightly to about 2.8 million tons (milled).

Mexican wheat production is down from the third straight year, from 1.9 million tons in 1971 to 1.8 million in 1972. The 1972 corn crop may be down from 9.1 to 8.0 million tons due to drought. Heavy rains have reduced sorghum output estimates from 2.1 million tons in 1971 to 1.8 million tons in 1972.

South America

Argentina's 1972/73 wheat crop (most of which will be harvested in December 1972) is expected to be about 8 million tons, up substantially from last year's 5.4 million tons. Acreage increased 15 percent and weather conditions have been good. Production of feed grains in 1972/73 is expected to be about 13.5 million tons, up from last year's drought-affected crop of 9.4 million tons. The 1972 *Brazilian* wheat crop is estimated to be down about 50 percent from earlier forecasts. Heavy rains, disease, pests and frost lowered output, the first setback in the wheat expansion program which began in 1967.

Europe

Grain production in the *EC (France, West Germany, Italy, Belgium, Luxembourg Netherlands,)* reached record levels in 1972, with total output estimated at 79.2 million tons, up from last year's 76.7 million tons. The grain harvest in *France* is well above last year's record with a bumper wheat crop. Production of wheat in the EC is expected to be about 35 million tons, an increase of 1 million over 1971. Production increases in barley and corn offset decreases in rye, oats, and summer mixed grains, boosting total EC feed grain production to around 44 million tons.

Grain production declined slightly in the non-EC countries of Western Europe to 53 million tons in 1972, still the second largest crop recorded.

Grain production in *Eastern Europe* in 1972 was about the same as in 1971 with crops at record levels. Above-normal rainfall prolonged the harvest of small grains but improved the outlook for corn and other late feed crops. In the northern countries (Poland, East Germany, Czechoslovakia) grain quality is below average, and harvest losses are larger than usual because storms caused heavy lodging.

Grain production in the *USSR* is expected to total about 160 million tons (gross weight terms) in 1972, compared with planned 1972 production of 190 million tons, and output of 181 million tons in 1971.[1] More acreage was planted to grain in 1972 but adverse weather crippled output. At least 30 percent of the winter grains were killed early in the year by severe cold and inadequate snow cover. Planting of spring grain was increased to make up for the loss, but hot and dry weather set back both spring and winter grains. Late ripening in some areas this fall delayed harvesting, some of which could not be completed before the onset of bad winter weather. Soviet wheat production in 1972 is about three-fourths the size of the bumper crops in 1970 and 1971. Feed grain production is probably up slightly from 1971, with increased (reseeded) acreage offsetting reduced yields due to drought.

The USSR has been a substantial grain exporter, mostly to the northern countries of Eastern Europe. As of late fall 1972, the Soviets had purchases some 27 million tons of grain for shipment in 1972/73, with about 5 million tons probably destined to meet Soviet commitments to other countries such as those of Eastern Europe and Cuba. The United States is supplying about two-thirds of these Soviet grain purchases. Canada is the second ranking grain supplier followed by Australia, France, West Germany, Romania, and Sweden.

Dry weather caused problems in the seeding of winter grains this fall in the USSR. About half of the winter grains which were seeded were sown about a month later than in recent years. A sizable amount of the planned sown area was not seeded at all. Much of the unseeded area will be planted to spring grains, particularly feed grains.

Africa/Middle East

South Africa harvested a record corn crop of 9.6 million tons in March 1972, up from 8.6 million in 1971. A smaller crop of 9 million tons is estimated for March 1973. Grain sorghum output about equaled the preceding year, while wheat production set a record for the fifth straight year. Good weather across the northern part of Africa, from Morocco and east as far as Afghanistan, resulted in higher yields and generally excellent grain crops. Above average yields gave *Morocco* a record 2.6 million tons of wheat. *Tunisia* also reports a record wheat harvest. Turkey's wheat crop was down by more than 1 million tons, yet was still substantially above average.

Far East

Preliminary estimates indicate a drop in *Indian* food grain production from a record 109 million tons in

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[1] Official USSR figures, not adjusted for excess moisture and dockage.

1970/71 to 104.7 million tons in 1971/72, and 95 to 98 million tons in 1972/73. Wheat production in the spring of 1972 reached a record 26.5 million tons, 11 percent above 1971. Grain crops in the second half of 1972 were reduced considerably by the late arrival of monsoon rains in June, followed by a shortage of rain and unusually hot weather in late July and early August. Rainfall in about three-fourths of the drought-affected areas in the last 3 weeks of August and mid-September improved conditions somewhat. Rice production, which was 42.7 million tons in 1971/72, is expected to amount to 37 million tons in 1972/73. Production of coarse grains in 1972 is expected to fall back to low levels recorded in previous droughts. The output of grain sorghums in western India will decline sharply.

Wheat production in *Pakistan* (formerly West Pakistan) is down 3 percent from last year's 6.6 million tons. Rice production in 1972 probably is close to the 2.3 million tons in 1971. Rice production in *Bangladesh* (formerly East Pakistan) in 1972 is expected to be about 9.9 million tons (compared with 10.1 million in 1971 and the record high of 12.1 million tons in 1969).

Two major Asian rice producers, *Thailand* and *Burma*, expect smaller crops in 1972, with consequent reductions in exports. Burma's rice harvest will drop below the 5.7 million tons harvested in 1971. Thailand rice production is expected to drop 10 percent to 7.8 million tons. Paddy production in 1972/73 was first affected by severe drought and then suffered flood damage. Exports of Thai rice in 1973 will be about one-half of 1972 levels. In addition, the 1972 Thai corn harvest is expected to drop to 1.3 million tons, from 2.2 million tons in 1971.

Heavy flooding on the island of Luzon and drought in the Visayas and Mindanao reduced the *Philippine* rice crop. Production in 1972 is estimated at 3.2 million tons (milled), slightly below the disease-affected crop of 1971/72 and about 7 percent below the record 1970/71 crop. A growing population and grain shortages have necessitated increasing imports. The 1972 *Indonesian* rice crop is estimated at 12.2 million tons, about 4 percent below the 1971 crop. Rice production in *Japan* in 1972 is estimated to be 10.7 million tons, milled basis, up from 9.9 million in 1971. *South Korea's* rice output will be down.

In the *People's Republic of China* the output of early harvested grains is probably down from the record harvest of 1971, but larger than in years prior to 1971. Production of wheat and coarse grains was down in the PRC, compared with 1970 (the best year) and 1971. The early rice harvest was good but below the 1971 record. Total rice output is down. Winter wheat production was slightly less than in 1971. Unusual weather has clouded the outlook for late harvested grains. Precipitation has been below normal in the inland central and southwestern regions and above-normal in the eastern coastal regions. Although production losses in dry areas and elsewhere may be offset by gains in regions which enjoyed favorable weather, the *total* grain havest in 1972 is estimated to be below 1971 but still near or slightly above average. In 1972/73, China may import at least 5 million tons of wheat. Most of this will come from Canada; Australia will ship half of a million-ton purchase. The United States is exporting at least 550,000 tons—the first to Mainland China in 23 years—as well as 300,000 tons of corn.

Drought hit the Australian grain crop at seeding time, and wheat production in 1972/73 (harvested December 1972) is expected to decline to less than 6 million tons, compared with 8.6 million tons in 1971/72. Feed grain production in 1971/72 was a record, but a sizable decline is expected in the current year due to drought.

World grain prices are substantially stronger than a year earlier and may remain so until larger exportable supplies are on hand.

Efforts to expand wheat and feed grain production in 1973 can be expected in some countries, in response to current world prices. The best prospects are Argentina, Canada, Australia, and the United States, but significant measures to increase output could also occur in such countries as Brazil, South Africa, Thailand, and Turkey. Efforts to increase production will also continue in India, China and USSR. Weather and crop conditions will be major factors in determining the success of these efforts. Low stocks in the USSR and some other countries could result in a continuation of the present strong market.

For the United States, less land is likely to be set aside under Government wheat and feed grain programs.

STRONG DEMAND FOR OILSEEDS AND PRODUCTS

World exports in 1972 of oils and fats (including oilseeds on an oil equivalent basis) are forecast at 13 million tons, over 800,000 tons above the 1971 level. This increase is nearly double the expansion in 1971, which itself was somewhat larger than usual. World market prices of oils have declined from the high levels attained in mid-1971.

World soybean production in 1972 increased for the eighth consecutive year (49 million metric tons from 43.4 million in 1971). U.S. production of soybeans rose an estimated 15 percent in 1972 to around 36 million tons, approximately 73 percent of total world production. U.S. soybean exports, however, declined in 1971/72 by about 4 percent. The major factor was decreased export availability. Exports from the United States will be up in 1972/73.

U.S. cottonseed oil production rose by one-third in 1972 to an estimated 5.6 million tons. Cottonseed oil prices declined sharply from their mid-1971 peak, making cottonseed oil very competitive with soybean

oil. The U.S. cotton program for 1973 aims to reduce cotton acreage and production. While this will probably reduce cottonseed output, it may tend to encourage soybean production on acreage previously planted to cotton. In addition, the U.S. feed grain program for 1973 is designed to encourage soybean output next year.

While world exports of all fats, oils, and oilseeds show record increases in volume, most of the increases have occurred outside the United States. Brazil continued its dramatic expansion of soybean production. Palm oil, copra, and coconut oil production and trade increased. Sharp expansion of plantings in the Philippines in the mid-1960's contributed to increases in copra and coconut oil.

World sunflowerseed production in 1971 was the lowest since 1966. Production in 1972 was expected to increase, but due to poor growing conditions in the USSR and Eastern Europe little improvement probably occurred. World exports of peanuts and peanut oil in 1972 were expected to rise 20 percent over 1971. Virtually all of the net increase in the 1972 export volume can be attributed to higher shipments of peanuts from the United States and oil, as such, from Senegal. Preliminary indications of poor prospects for 1972/73 peanuts in West Africa and India (a major exporter of peanut meal) are already contributing to continued strong demand for available 1972 supplies of peanut oil and peanuts for crushing.

World rapeseed production was substantially reduced. Canada reported a 40 percent decline in output but this is no way reflects a shortage, as large stocks are available.

World net exports of fish oil probably declined to about 575,000 tons in 1972 from 609,000 in 1971. A significant development has been the scarcity of fish and the fishing ban set by Peru (not scheduled to be lifted until March 1973). Peruvian fish oil production in 1972 was a little over half that of 1971, and stocks have been drawn down. Exports in 1973 could be severely curtailed.

Forecasts for 1972/73 suggest continuation of a tight protein balance with prices above the previous year. Shorter available supplies and increasing protein needs are major considerations.

TIGHT SUPPLY SITUATION EASES AS COTTON PRODUCTION INCREASES

Increased cotton production in 1971/72 (August 1971 - July 1972) helped to reverse the situation of the previous year which saw short supplies on the world market and the highest prices in nearly 20 years. World production in 1972/73 is expected to increase again—to around 60 million bales or about 3 million over 1971/72. Production increases have come largely from increased acreage but also higher yields in some countries.

The United States has accounted for almost the total increase in production. The 1972 U.S. cotton crop totaled 13½ million bales (480 pounds net weight), about 3.0 million above the 1971 crop. The increase comes from greater acreage (up 16 percent) and higher yields (up 11 percent). The increase in acreage was stimulated by last season's relatively high cotton prices. Higher yields stemmed from more favorable growing conditions.

Of the top four world cotton producers (table 8), output in 1972 increased in the United States and the USSR, may have increased slightly in the People's Republic of China, but dropped in India. The 1972/73 Indian crop is forecast at 5.20 million bales, about 12 percent below the previous year's record high. Drought reduced the current crop despite an increase in planted area.

Cotton production in the USSR is expected to equal or exceed the high level of 11.1 million bales reached last year. Severe weather conditions affecting other Soviet crops did not adversely affect the irrigated cotton, although the crop was a week or more later than usual, which may have lowered the quality. The Soviets are estimating output at about 7.1 million metric tons unginned (11.1 million bales of lint)—in spite of a late spring, late sowing, and late ripening.

Preliminary information indicates that current output in the People's Republic of China may be up only slightly from 1971/72.

Pakistan has another good crop this year—an estimated 3.40 million bales. This estimate assumes excellent yields, however. Land was shifted from sugarcane and rice to cotton; some new land was also made available through irrigation. Pakistan's exports of cotton increased sharply in 1971/72. Increased production and the separation of the former East Pakistan, now Bangladesh, from (West) Pakistan are the principal reasons. In the past, a substantial amount of cotton has been shipped to East Pakistan each year, and this was not considered exports (table 9 reflects this change).

For Brazil good weather and high yields resulted in increased cotton production in both the northeastern and southern producing areas. The 1971/72 production of 3.1 million bales was relatively close to the 1968/69 record of 3.3 million bales and considerably above the weather-reduced crop of 1970/71. Production rose with favorable prices; acreage increased when Brazil raised minimum cotton prices 40 percent over those of the preivous year. A decline in production in 1972/73 to around 2.9 million bales is estimated, as acreage is being reduced in response to declining world prices.

Other major producers in South America show a mixed picture. Peruvian production has been down because of floods which damaged irrigation works in the

Table 8.--Cotton production by major producers, 1964-72

(Year beginning August 1)

Country 1/	1964	1965	1966	1967	1968	1969	1970	1971	1972 2/
	- - Million bales 3/ - -								
United States	15.18	14.95	9.56	7.44	10.92	9.99	10.19	10.47	13.47
USSR	8.28	8.87	9.37	9.35	9.31	8.92	10.80	11.10	11.10
Mainland China	6.40	7.00	7.50	8.30	7.70	7.30	7.70	7.50	7.70
India	4.90	4.60	4.60	5.30	4.90	4.95	4.65	5.90	5.20
Brazil	2.10	2.50	2.05	2.70	3.30	3.05	2.25	3.10	2.90
Pakistan	1.75	1.92	2.10	2.39	2.43	2.48	2.43	3.35	3.50
Mexico	2.40	2.63	2.25	2.00	2.45	1.75	1.44	1.71	1.68
Egypt	2.32	2.39	2.09	2.01	2.01	2.50	2.34	2.30	2.30
Turkey	1.50	1.50	1.75	1.80	2.00	1.84	1.84	2.40	2.50
Central America	1.32	1.22	1.05	1.02	1.00	.80	.86	1.20	1.00
Sudan	.70	.75	.89	.90	1.05	1.00	1.16	1.00	1.00
Syria	.81	.83	.65	.58	.70	.71	.69	.74	.75
East African Community	.63	.70	.74	.62	.60	.74	.67	.67	.65
Iran	.53	.65	.52	.53	.69	.71	.71	.68	.80
Colombia	.30	.30	.40	.46	.64	.59	.54	.59	.75
Peru	.64	.52	.48	.46	.42	.39	.38	.35	.38
Total	49.76	51.33	46.00	45.86	50.12	47.72	48.65	53.06	55.68

1/ These countries account for about 95 percent of world cotton production.
2/ Preliminary and subject to revision.
3/ Bales of 480 pounds net.

Table 9.--Cotton exports by country of origin, 1964-71

(Year beginning August 1)

Country 1/	1964	1965	1966	1967	1968	1969	1970	1971 2/
	- - Million bales 3/ - -							
United States	4.20	3.04	4.83	4.36	2.82	2.88	3.74	3.23
USSR	2.00	2.30	2.40	2.50	2.40	2.00	2.50	2.60
Mexico	1.62	2.13	1.39	1.24	1.63	1.23	.76	1.00
Egypt	1.56	1.58	1.43	1.17	1.09	1.46	1.45	1.40
Brazil	1.04	.94	1.01	.84	1.77	1.93	1.01	1.50
Turkey	.77	.92	1.05	1.04	.95	1.14	1.08	1.17
Central American Common Market	1.17	1.19	.90	.86	.94	.70	.81	.98
Pakistan	.48	.49	.56	.89	.57	.39	.47	1.10
Sudan	.47	.57	.68	.79	.85	1.08	1.05	1.00
Syria	.73	.71	.58	.49	.55	.59	.62	.55
East African Community	.60	.61	.72	.55	.46	.64	.61	.47
Peru	.47	.52	.38	.28	.38	.34	.26	.26
Total	15.11	15.00	15.93	15.01	14.41	14.38	14.36	15.26

1/ These countries account for about 85 percent of world cotton exports.
2/ Preliminary.
3/ Bales of 480 pounds net.

northern cotton area and official policy encouraged a shift to food crops. Colombia's production recovered to a near record in 1971/72 as a result of a significant increase in yield. Increased acreage is expected in 1972/73 as producers respond to higher price supports, and greater availability of credit. A significant increase in Colombian exports is expected.

Earlier estimates of increased output in Central America have been revised downward. Efforts were being made to expand production in 1972/73; the 1971/72 crop brought good prices and a large part of the 1972/73 crop was under sales contracts by mid-1972, also at good prices. Emphasis has been on increasing yields, although some expansion of acreage has occurred through shifts from other crops. Cotton production in Mexico in 1972/73 is estimated to be slightly lower than 1971/72. Lower yields have offset expanded acreage. Heavy rain and flooding in major producing areas damaged the crop and reduced the harvest.

While world cotton supplies have increased over last year's low levels, qualities are lower because of rains during harvest in the United States and many foreign countries. Prices of U.S. and foreign-grown cotton declined in import markets from late January until mid-September. Since then world prices have increased sharply, primarily as a result of weather damage to crops in a number of important producing countries. Prices are now near levels of late 1971. With more abundant cotton supplies, world exports may increase somewhat above the 18 million bales recorded in 1971/72. U.S. exports of cotton 1971/72 declined 14 percent from the previous year—due largely to low stocks and low production (table 10). Exports to Europe, Canada, and Indonesia increased. The increased emphasis on U.S. cotton export assistance programs, in conjuction with the larger domestic supplies and greater cotton use expected abroad, suggest larger shipments in the crop year 1972/73, perhaps totaling as much as 4 million bales. The U.S. cotton program for 1973 aims to cut cotton production somewhat.

WORLD TOBACCO OUTPUT STEADY

World tobacco output is expected to toal about 10 billion pounds for the third year in a row. Production in 1972 was 10.02 billion pounds, up less than 2 percent from 1971. U.S. output (including Puerto Rico) is also fairly steady—1.73 billion pounds in 1972 compared with 1.71 billion pounds in 1971. U.S. acreage increased 1 percent in 1972; yields were virtually unchanged. Stocks of tobacco in the United States declined for the eighth straight year. The U.S. effective marketing quota for flue-cured tobacco in 1973 will be about 1.2 billion pounds, one-seventh above 1972. The U.S. export payment program for tobacco will be terminated effective with the 1973 crop.

U.S. exports of tobacco—unmanufactured leaf plus products—in calendar year 1971 totaled $683.8 million, up slightly from 1970. U.S. exports of tobacco in the period January-October 1972 totaled $699.3—$100 million more than the same months in 1971. U.S. exports of unmanufactured leaf have declined since 1968, while exports of manufactured tobacco products (such as cigarettes and smoking tobacco) have risen, a trend which continued in 1972 and is likely to continue in 1973.

Although the United States remains the largest exporter of unmanufactured tobacco, its share of the market has fallen to about 25 percent of total exports by non-Communist countries. U.S. exports accounted for about one-third of the non-Communist export market in 1968. Shipments have since declined as other countries have expanded production for domestic use and for export markets. The U.S. dock strike in October and November 1971 also contributed to lower exports. In 1971 West Germany was the largest importer of U.S. unmanufactured tobacco (table 11) with the United Kingdom, long in first place, dropping to second. In 1971 the European Community (EC) took about 36 percent of U.S. exports of unmanufactured tobacco; the U.K. about one-fifth. The significance of the enlarged EC, with the entry of the U.K., Ireland, and Denmark, can be seen from 1971 data which indicate a market for 60 percent of U.S. unmanufactured exports.

U.S. competition in the EC market comes from Italy—buyers of EC-grown tobacco receive subsidy payments and EC growers benefit from support prices—and from other countries which have preferential trade arrangements with the EC.

Other major producers (table 12) registered declines in output in 1971 with mixed recovery in 1972, according to preliminary returns. Bad weather hurt the 1972 Canadian crop; output of all tobacco is estimated to be 194 million pounds, down from 224 million pounds in 1971. Production in India is reported to be up substantially, output of Indian flue-cured tobacco is expected to be 280 million pounds, up from 205 million in 1971. The 1972 Rhodesian target for flue-cured was 145 million pounds (compared with estimated production of 132 million in 1971). Indications are that burley production in Rhodesia is up substantially in 1972. Rhodesian exports are still dampened by U.N. sanctions. An estimated 80 million pounds of flue-cured were exported in 1971, about one-third of the 1965 level before sanctions were levied, and the quantity exported in 1972 may be even larger.

Table 10.--U.S. cotton exports by destination, 1965-71

(Year beginning August 1)

Destination	1965	1966	1967	1968	1969	1970	1971
	- - Thousand running bales - -						
Italy	102	263	253	62	46	57	121
France	108	163	148	88	30	60	35
West Germany	92	159	100	31	26	65	77
Other EC	81	83	81	49	38	80	71
Total European Community	383	668	582	230	140	262	304
Japan	705	1,293	1,103	536	623	841	726
South Korea	301	372	351	447	455	491	489
India	63	289	342	174	261	210	101
Indonesia	0	161	70	105	242	193	227
Taiwan	178	373	378	259	193	406	288
Canada	269	297	142	108	181	292	312
Philippines	93	134	154	119	146	137	127
South Vietnam	73	66	24	62	99	112	109
Hong Kong	94	183	299	194	61	193	48
Thailand	55	70	90	66	54	142	109
Poland	42	78	77	106	51	0	38
Romania	0	0	0	0	46	57	44
United Kingdom	131	153	125	48	38	95	63
Sweden	59	71	75	51	37	29	11
Yugoslavia	169	139	67	54	0	2	0
Others	327	322	327	172	141	275	233
Total	2,942	4,669	4,206	2,731	2,768	3,737	3,229

Table 11.--U.S. exports of tobacco (unmanufactured) to major markets, 1966-71 1/

(Calendar year)

Destination	1966	1967	1968	1969	1970	1971 2/
			- - Million pounds - -			
West Germany	99	114	89	102	93	100
Netherlands	29	40	44	34	27	28
Belgium	17	18	20	17	12	16
Other EC	12	14	12	28	12	26
Total EC	157	186	165	181	144	170
United Kingdom	130	138	147	134	95	90
Japan	42	27	49	41	59	19
Thailand	18	23	29	24	20	19
Switzerland	17	21	25	26	25	18
Sweden	23	19	17	14	19	15
Denmark	18	16	19	19	18	17
Australia	16	13	20	20	10	11
Ireland	13	14	15	11	10	9
Other	117	115	113	107	110	106
Total	551	572	599	577	510	474

1/ The U.S. share of the total unmanufactured tobacco export market (not including Communist countries) was 25 percent in 1971.

2/ Preliminary.

Table 12.--Tobacco production by major producers, 1969-72
(Calendar year)

Country 1/	1969	1970	1971	1972 2/
	Million pounds 3/			
United States	1,804	1,908	1,707	1,733
Mainland China 4/	1,650	1,700	1,750	1,700
India	796	743	798	902
USSR	516	569	604	516
Japan	383	332	328	313
Pakistan 5/	364	360	349	334
Turkey	317	330	371	387
Brazil	415	432	432	421
Bulgaria	212	269	282	282
Greece	170	200	186	186
Canada	247	222	224	194
Rhodesia	137	141	144	161
Indonesia	287	240	210	183
Philippines	201	218	155	107
Total	7,499	7,664	7,540	7,419

1/ These countries account for about 75 percent of world production.
2/ Preliminary.
3/ Farm sales weight.
4/ The production series on Mainland China is based on fragmentary information. Both the absolute level and direction of change are subject to revision.
5/ Includes Bangladesh.

Source: Tobacco Division, FAS.

CATTLE AND HOG NUMBERS INCREASE WHILE SHEEP CONTINUE DOWNWARD TREND; MEAT PRODUCTION UP

World cattle numbers[1] continue to increase slightly with 1972's estimated total of 1.23 billion head about 1 percent above 1971 and about 2½ percent above 1970. Numbers in the United States rose about 3 percent in 1971 to 118 million head on January 1, 1972. A similar percentage increase took place in the USSR. Numbers in Australia increased as wool producers shifted to beef cattle. Cattle numbers in Argentina also increased during 1971 (table 13). Heavy slaughter in 1969 and early 1970 had reduced numbers sharply. In 1972, above average prices resulted in the holding of more cows for herd expansion worldwide. This limited the increase in meat output and lifted prices further.

World hog numbers continued to rise during 1971 and by 1972 had reached a high of 634 million head. Increases in Brazil, the USSR, and Poland offset declines in the United States. World sheep numbers continued downward in 1971 and by 1972 totaled slightly over 1 billion head. Numbers increased slightly in the USSR, but decreased in the other large producers—Australia, New Zealand, Argentina, and the Republic of South Africa—where low wool prices (and drought in South Africa) encouraged heavy culling of sheep flocks.

World production of red meat continued on an upward trend in 1971 and into 1972 (table 14). Demand for beef remains strong and production continues to expand in response to higher prices. Output of beef and veal has risen steadily. In 1971 world beef and veal production totaled 75 billion pounds. Production increases in Brazil and the USSR partially offset declines in Argentina and Uruguay. Output in the United States, the world's largest producer, increased to 22.5 billion pounds in 1971. World pork production totaled 57 billion pounds in 1971, a sharp increase over the

[1] Data exclude People's Republic of China.

Table 13.--Livestock numbers in selected countries, 1968-72

(As of January 1)

Country	1968	1969	1970	1971 1/	1972 2/
	- - Million head - -				
Cattle 3/					
United States	109.2	109.9	112.3	114.5	117.9
USSR	97.2	95.7	95.2	99.2	102.5
Brazil	90.0	92.8	95.3	96.6	--
Belgium	2.6	2.7	2.7	2.7	2.6
France	21.7	22.1	21.7	21.7	21.8
West Germany	14.0	14.1	14.3	14.0	13.6
Italy 4/	9.6	10.1	9.6	8.8	8.6
Luxembourg	.2	.2	.2	.2	.2
Netherlands	3.7	3.8	4.0	3.9	3.8
EC	51.8	53.0	52.5	51.3	50.6
Argentina	51.5	48.3	48.4	49.8	--
Mexico	23.6	24.9	25.1	26.1	26.8
Australia	19.2	20.6	22.2	24.4	26.5
Colombia	18.8	19.6	20.4	21.2	21.8
Turkey 4/	15.4	15.0	14.4	13.9	13.6
South Africa, Rep. of	12.1	11.8	11.7	12.6	--
Canada	11.8	11.5	11.8	12.2	12.6
Hogs 5/					
Brazil	63.4	64.9	65.9	66.5	73.0
USSR	50.9	49.0	56.1	67.5	71.4
United States	58.8	60.6	56.7	67.4	63.0
Belgium	2.4	2.5	3.1	3.8	4.0
France	10.7	10.0	10.5	11.3	11.4
West Germany	19.0	18.7	19.3	21.0	20.0
Italy	6.2	7.3	9.2	9.0	9.1
Luxembourg	.1	.1	.1	.1	.1
Netherlands	4.7	4.8	5.5	6.4	6.5
EC	43.1	43.4	47.7	51.6	51.1
Philippines	11.5	12.0	12.0	12.5	13.5
Mexico	10.0	10.3	11.7	11.7	12.0
United Kingdom	7.6	8.0	8.1	8.5	8.9
Canada	6.1	5.7	6.5	7.7	7.2
Sheep 6/					
Australia	166.9	174.6	180.1	178.3	169.0
USSR	138.5	140.6	130.7	138.1	139.8
New Zealand	60.5	59.9	60.3	58.9	58.5
South Africa, Rep. of	42.2	40.4	40.4	38.3	--
Iran	33.0	34.0	32.0	32.0	32.0
Brazil	23.1	24.6	24.4	24.5	26.5
Belgium	.1	.1	.1	.1	.1
France	9.5	9.5	10.0	10.1	10.1
West Germany	.8	.8	.8	.8	.8
Italy	8.3	8.2	8.1	7.9	8.0
Luxembourg	--	--	--	--	--
Netherlands	.6	.6	.6	.6	.6
EC	19.3	19.2	19.6	19.5	19.6
United Kingdom	20.4	19.7	19.2	18.5	18.8
United States	22.1	21.2	20.3	19.6	18.5

1/ Preliminary. 2/ Forecast. 3/ These countries account for about 43 percent of world cattle numbers. 4/ Includes buffalo. 5/ These countries account for about 47 percent of world hog numbers. 6/ These countries account for about 51 percent of world sheep numbers.

Source: Livestock and Meat Products Division, FAS.

Table 14.--Meat production in selected countries, 1967-71

(Calendar Year)

Country	1967	1968	1969	1970	1971 1/
			Billion pounds		
Beef and veal 2/ 3/					
United States	21.0	21.6	21.8	22.3	22.5
USSR	10.4	11.3	11.4	11.1	11.9
Belgium-Luxembourg	.5	.5	.6	.6	.6
France	3.5	3.6	3.4	3.5	3.6
West Germany	2.6	2.7	2.8	3.0	3.0
Italy	1.6	1.7	1.8	1.8	1.8
Netherlands	.6	.6	.6	.7	.7
EC	8.8	9.1	9.2	9.6	9.7
Argentina	5.6	5.6	6.4	5.8	4.5
Brazil	3.3	3.7	4.0	3.6	4.0
Australia	1.9	2.0	2.0	2.2	2.3
United Kingdom	2.0	2.0	1.9	2.1	2.1
Pork 4/ 5/					
United States	12.6	13.1	13.0	13.4	14.8
Belgium-Luxembourg	7	.8	.8	1.0	1.0
France	2.8	2.8	2.6	2.7	2.9
West Germany	4.3	4.8	4.8	4.9	5.3
Italy	1.0	1.1	1.1	1.0	1.1
Netherlands	1.2	1.3	1.3	1.5	1.7
EC	10.0	10.8	10.6	11.1	12.0
USSR	6.9	6.3	6.3	7.0	7.5
United Kingdom	1.8	1.9	2.0	2.1	2.3
Denmark	1.6	1.6	1.5	1.6	1.7
Japan	1.2	1.1	1.1	1.4	1.7
Canada	1.2	1.2	1.1	1.3	1.5
Lamb, mutton and goat 6/ 7/					
USSR	2.2	2.2	2.0	2.1	2.2
Australia	1.3	1.5	1.5	1.7	1.8
Turkey	.7	.7	.7	.8	.8
United States	.6	.6	.6	.6	.6
United Kingdom	.6	.5	.5	.5	.5
South Africa, Rep. of	.3	.3	.4	.5	.5
France	.3	.3	.3	.3	.3
Italy	.1	.1	.1	.1	.1
Other EC	--	--	--	--	--
EC	.4	.4	.4	.4	.4
Iran	.4	.4	.5	.4	.4

1/ Preliminary. 2/ Carcass weight; excludes offals. Australia: year ending June 30. 3/ These countries account for about 76 percent of world production of beef and veal. 4/ Carcass weight; includes edible pork fat; excludes offals, lard, and inedible greases. 5/ These countries account for about 72 percent of world production of pork. 6/ Carcass weight; excludes offals. Australia: year ending June 30. 7/ These countries account for about 67 percent of world production of lamb, mutton, and goat.

Source: Livestock and Meat Products Division, FAS.

previous year. U.S. pork production rose 10 percent with most of the expansion coming in the first half of the year as low hog prices and high feed costs combined in late 1970 and early 1971 to discourage spring farrowings. World lamb, mutton, and goat meat production rose to 10.5 billion pounds in 1971, a 2 percent increase. The significant increases occurred in Australia and the USSR. U.S. beef and veal production rose again in 1972 and a further increase is likely in the first half of 1973.

Beef shortages caused the EC to temporarily suspend import duties on live cattle and beef in the summer of 1972, and the EC halved import duties beginning in November to encourage imports and stabilize prices. The United States also lifted import restrictions during 1972 to encourage greater beef imports.

WORLD DAIRY PRODUCTION RISES; POULTRY SUPPLIES UP

Most of the major dairy countries show an increase in milk production in 1972 (table 15), reflecting better weather conditions for pastures and forage and increased support prices in several foreign countries for milk. New Zealand's recovery from the severe droughts of 1970 and 1971 is particularly significant. Australia and New Zealand account for only about 7 percent of the total output of the 15 major dairy countries, but together are responsible for about 40 percent of all foreign trade in dairy products (excluding trade between members of the EC). In North America, 1972 milk production increased somewhat, with U.S. output up over 1 percent.

Milk production in the EC has been given a boost by an increase in the target price for milk and a rise in the intervention prices for butter and nonfat dry milk. Elsewhere in Western Europe, production has expanded in Austria, Finland, Switzerland, and in the countries scheduled to enter the EC—Ireland, United Kingdom, and Denmark.

Higher milk production has resulted in increased butter production, and stocks of butter have risen as production exceeds market requirements. Pressure of surpluses is again being felt by European countries, particularly the EC. Export subsidies for butter have been increased; domestic sales have been pushed by offering butter at reduced prices; butter is being distributed through food aid channels. However, stocks continue to grow, recalling problems of 1969. Surpluses had accumulated, then they were reduced in 1970 and 1971 through export subsidy and supply management efforts (including premiums for the slaughter of diary cows). On September 15, 1972, the EC intervention price for butter was raised to 91.6 cents (U.S.) per pound—which will probably reduce consumption and cause stocks to increase even faster.

In contrast, in the United States, for the first time since 1955, per capita consumption of milk and dairy products in 1972 rose over the previous year. On a total basis commercial consumption rose about 3 percent or more. Consequently, Government purchases of dairy products declined.

Output of cheese and nonfat dry milk has risen in most major dairy countries. The advance in nonfat dry milk is associated with increased butter output. The EC boosted the export subsidy on nonfat dry milk to 5.9 cents per pound on October 1, 1972, more than double the 2.5 cents previously granted. Trade prices for nonfat dry milk in international markets have declined, indicating further weakening in market demand and increases in stocks. Cheese stocks are up and production may be reduced in the short-run—with a consequent increase in butter output.

The world poultry situation shows signs of improvement from conditions of oversupply which occurred in some countries in 1971. Strong consumer demand (with continued high prices of competitive meats, as in Japan), increasing per capita consumption, and efforts by some major producers to stabilize the market through production restraint programs have all served to reduce stocks and raise prices.

Poultry production in most countries continued to increase in 1972 and record output is expected. Production in the 17 principal producing countries is forecast at 21.6 billion pounds (ready-to-cook) up 6 percent from 1971. Production in the United States is estimated up 11¼ billion pounds in 1972, up 7 percent. U.S. exports of poultry meat in 1972 should equal or exceed the 140 million pounds exported in 1971.

Production of poultry meat in the United Kingdom in 1971/72 (June-May) rose 6 percent over 1970/71; output in 1972/73 may rise 3 percent. Output in Japan is increasing sharply and in 1972 probably reached a record 1.4 billion pounds, more than double the amount produced in 1967. Total EC output in 1971 was 4.4 billion pounds. Production growth rates in EC member countries, with the exception of Italy, appear to be slowing and production may be leveling off. EC production in 1972 is estimated to be about 4.6 billions—a gain of 3 percent. In 1971, production rose 6 percent and in 1970, 8.5 percent (table 16).

Table 15.--Milk production in selected countries, 1968-72
(Calendar year)

Country	1968	1969	1970	1971	1972 1/
	- - Million metric tons - -				
France	27.9	27.7	27.2	27.6	28.1
West Germany	22.1	22.2	21.9	21.5	21.7
Italy	9.3	9.1	9.2	9.1	9.0
Netherlands	7.7	8.0	8.2	8.4	8.5
Belgium	4.2	4.1	4.0	4.0	4.1
EC	71.2	71.1	70.5	70.6	71.4
United Kingdom	12.0	12.1	12.4	12.7	13.0
Denmark	5.1	4.9	4.6	4.6	4.6
Ireland	3.7	3.7	3.6	3.7	3.8
Spain	3.3	3.5	3.5	3.5	3.5
Austria	3.4	3.3	3.3	3.3	3.3
Finland	3.5	3.6	3.5	3.2	3.3
Switzerland	3.2	3.2	3.1	3.2	3.2
Sweden	3.3	3.2	3.0	2.9	2.9
Norway	1.8	1.8	1.8	1.7	1.8
Western Europe excluding EC	39.3	39.3	38.8	38.8	39.4
Japan	4.0	4.5	4.8	4.8	5.0
New Zealand	6.3	6.4	6.0	6.0	6.2
Australia	7.2	7.8	7.5	7.3	7.4
United States	53.2	52.8	53.1	53.8	54.7
Canada	8.3	8.5	8.3	8.1	8.2
Total	189.5	190.4	189.0	189.4	192.3

1/ Preliminary.

Source: Dairy and Poultry Division, FAS.

Table 16.--Production of poultry meat in selected countries, 1967-71 1/
(Calendar year)

Country	1967	1968	1969	1970	1971 2/
	Million pounds				
United States	9,410	9,200	9,668	10,417	10,529
Canada	814	807	895	980	944
Italy	1,193	1,173	1,274	1,333	1,471
France	1,128	1,199	1,280	1,358	1,410
Netherlands	472	503	579	679	711
West Germany	450	463	508	573	600
Belgium-Luxembourg	223	216	222	248	252
EC	3,466	3,554	3,863	4,191	4,444
United Kingdom	1,062	1,182	1,259	1,243	1,319
Spain	567	565	655	698	701
Yugoslavia	209	236	265	313	344
Poland	236	251	273	282	306
Denmark	146	142	151	174	176
Greece	102	113	126	147	165
Austria	87	92	93	102	113
Ireland	54	60	67	67	67
Switzerland	32	33	34	36	41
Japan	644	724	882	1,074	1,183
	16,829	16,959	18,231	19,724	20,332

1/ Ready to cook.
2/ Preliminary.

Source: Dairy and Poultry Division, FAS.

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